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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Telecommunications Division
Carrier Branch**

**RESOLUTION T-16981
January 12, 2006**

R E S O L U T I O N

Resolution T-16981. Verizon California, Inc. (U-1002-C), Requests Authority To Change the Current Affiliate, Verizon Online's, Language in Verizon's Schedule Cal. P.U.C. No A-40, Custom Calling Service, to Exclude A Specific Product Offer – 768 Kbps Speed DSL Online Service at a Term or Month-to-Month Rate of \$14.95 – From the \$5.00 Monthly Bundle Discount.

By Advice Letter Nos. 11295 and 11295A Filed On September 16, 2005 and September 22, 2005, respectively.

Summary

This resolution authorizes Verizon California, Inc. (Verizon) to file a subsequent Advice Letter (AL) supplement to AL Nos. 11295 and 11295A filed on September 16, 2005 and September 22, 2005, respectively, within ten (10) working days, to change the current affiliate, Verizon Online's (VOL) language on Schedule Cal. P.U.C. No. A-40, Custom Calling Service, to exclude a specific product offer, 768 Kilobits per second (kbps) speed Digital Subscriber Line (DSL) online service at a term or month-to-month rate of \$14.95, from the monthly bundle discount effective on or after Telecommunication Division's (TD) approval of this filing.

Background

Verizon filed AL's 11295 and 11295A on September 16, 2005 and September 22, 2005, respectively, requesting authority to change VOL's language on Schedule Cal. P.U.C. No A-40, Custom Calling Service, to exclude a specific product offer – 768 Kbps speed DSL online service offered at a term or month-to-month rate of \$14.95 - from the monthly bundle discount.

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Verizon's current Schedule CAL P.U.C. A-40, Custom Calling Services states that a customer is eligible to receive a \$5.00 monthly discount on a select bundle of incumbent local exchange company (ILEC) and affiliate services as contained in Verizon Regional Package Unlimited, Local Package Lite and Local Package Elite, when the customer also subscribes to one of the following Verizon affiliate products: any Verizon Online Internet Access service billed on the Verizon California bill, ONE-BILL with Verizon wireless, or DIRECTV purchased through Verizon.

On August 22, 2005, Verizon's affiliate, VOL introduced a new entry-level DSL Online Service with a maximum speed of 768 Kbps offered at a term or month-to-month rate of \$14.95 to attract customers currently on dial-up internet connections.

VOL states that this new offer is the only VOL DSL product that is offered at 768 Kbps. Additionally, VOL chose not to make this service available at an additional discount because \$14.95 is already a discounted rate.

Verizon, therefore requests the revision of Schedule CAL P.U.C. A-40 to state that a customer is eligible to receive a \$5.00 monthly bundle discount on a select bundle of ILEC and affiliate services as contained in Verizon Regional Package Unlimited and Local Package Lite/Local Package Elite, when the customer also subscribes to the one of the following Verizon affiliate products: ONE-BILL with Verizon Wireless, DIRECTV purchased through Verizon or Verizon Online Internet access services billed on the Verizon California bill, with the exception of Verizon Online 768 Kbps maximum speed service offered at a term or month-to-month rate of \$14.95.

Notice/Protests

Verizon states that copies of Advice Letters were mailed to interested utilities and parties. Notice of AL No. 11295 and 11295A were published in the Commission Daily Calendar of September 26, 2005. No protests to this Advice Letter have been received.

Discussion

Verizon originally filed AL 11284 on August 31, 2005 requesting a regular 30-day approval to update the Verizon Bundle Discount tariff language to state that the VOL 768 Kbps maximum speed DSL service offered at a term or month-to-month rate of \$14.95 would be excluded from the \$5.00 monthly bundle discount.

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TD reviewed this filing and determined that the new terms and conditions of VOL's new DSL online service were more restrictive as proposed for Verizon's Schedule Cal. P.U.C. No A-40. Only customers who solely subscribe to the 768 Kbps DSL service at a term or month-to-month rate of \$14.95 are excluded from the discount. Therefore, TD suggested that Verizon withdraw AL 11284 and file a new AL requesting that the matter be handled by a resolution for Commission consideration.

Verizon subsequently withdrew AL 11284 on September 12, 2005 and filed AL's 11295 and 11295A on September 16, 2005 and September 22, 2005, respectively, requesting that the Commission issue a Resolution authorizing Verizon to change its Schedule Cal. P.U.C. No. A-40, Custom Calling Service, to exclude VOL's new offering of 768 Kbps DSL online service offered at a term or month-to-month rate of \$14.95 from the \$5.00 monthly bundle discount.

Verizon stated that the new entry-level 768 Kbps DSL Service was introduced and offered to customers at a term or month-to-month rate of \$14.95 in August 22, 2005.

TD reviewed and analyzed AL's 11295 and 11295A, and has determined that only customers who solely subscribe to VOL's new DSL service offering with a maximum speed of 768 Kbps at a term or month-to-month rate of \$14.95, on or after TD's approval of the Verizon's filing of AL 11295, 11295A and a required supplement should be excluded from the \$5.00 monthly bundle discount.

However, customers who are currently subscribed or who subscribe to the bundled services including VOL's new DSL service offering with a maximum speed of 768 Kbps at a term or month-to-month rate of \$14.95 prior to the effective date of TD's approval of a subsequent supplement should be entitled to the affiliate \$5.00 monthly bundle discount. Restricting these customers from the \$5.00 monthly bundle discount prior to the effective date of TD's approval of a subsequent supplement is retroactive ratemaking.

Comments

In compliance with P.U. Code section 311 (g)(1), a notice letter was e-mailed or mailed on December 13, 2005 to the interested parties, informing these parties that this resolution is available at the Commission's website <http://www.cpuc.ca.gov> and is available for public comments. In addition, TD informed these parties of the availability of the conformed resolutions at the same website. No comments were received.

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Findings:

1. Verizon states that this new 768 Kbps DSL online service was introduced and offered to customers on August 22, 2005 at a term or month-to-month rate of \$14.95.
2. Verizon states that this new DSL offer is the only Verizon Online DSL product that is offered at a maximum speed of 768Kbps at a term or month-to-month rate of \$14.95.
3. Verizon states that this new DSL offer will have no impact to existing 768 Kbps customers who currently pay \$19.95 per month as the restriction solely applies to the specific product offer – 768 Kbps service at a term or month-to-month rate of \$14.95.
4. Verizon states that new customers who choose a qualifying bundled local service package and qualifying VOL service will be eligible for the \$5.00 monthly bundle discount at any maximum qualifying speed (including 768 Kbps) as the restriction solely applies to the specific product offer of 768Kbps service at a term or month-to-month rate of \$14.95.
5. TD recommends that customers who subscribe to VOL's new DSL online service with a maximum speed of 768Kbps at a term or month-to-month rate of \$14.95 on or after TD's approval of a subsequent AL supplement as indicated in Ordering Paragraph No. 1 of this resolution not be entitled to the \$5.00 monthly bundle discount.
6. TD recommends that customers who are subscribed to VOL's new DSL online service with a maximum speed of 768Kbps at a term or month-to-month rate of \$14.95 prior to the approval of this AL and or its supplements be entitled to the \$5.00 monthly bundle discount.

THEREFORE, IT IS ORDERED that:

1. Verizon is authorized to exclude its affiliate's Verizon Online 768 Kbps speed DSL online service with a term or a month-to-month rate of \$14.95, from Verizon's monthly \$5.00 bundle discount as contained in its Cal P.U.C. A-40 tariff. This authorization shall be predicated on Telecommunications Division approving a subsequent Verizon AL supplement to its AL 11295 within 10 business days to indicate the following terms and conditions:
 - a. Customers subscribing to Verizon Online 768 Kbps DSL service on or after the effective date of the advice letter supplement to be filed by Verizon as indicated above with a term or month-to-month rate of \$14.95 shall be excluded from the \$5.00 monthly bundle discount as contained in CAL P.U.C. Schedule A-40.

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2. Customers who are currently subscribed to or customers who subscribe to Verizon Online 768 Kbps DSL service with a term or month-to-month rate of \$14.95 prior to the effective date of the subsequent AL supplement by Verizon as date indicated in OP 1., above, shall be eligible for the \$5.00 monthly bundle discount as contained in Verizon's CAL P.U.C. Schedule A-40.

This Resolution is effective today.

I hereby certify that the Public Utilities Commission at its regular meeting on January 12, 2006 adopted this Resolution. The following Commissioners approved it:

STEVE LARSON
Executive Director